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State of Louisiana
Division of Administration
Office of the Commissioner

October 24, 2008

VIA FACSIMILE AND U.S. MAIL

Ms. Carolyn Bennett
Executive Director
Foundation for Historical Louisiana
PO Box 908
Baton Rouge, LA 70821

Dear Ms. Bennett:

We are writing in reference to the Executive Summary and subsequent full assessment of Charity Hospital conducted by the Foundation for Historical Louisiana through its consultant, RMJM Hillier. Please share our letter with your board members.

While no final decision has been made regarding the location of replacement facilities for the Medical Center of Louisiana at New Orleans (MCLNO) (either to renovate Charity, or alternatively, to construct a new facility at a preferred location in downtown New Orleans to restore healthcare and medical training), we wish to make some comments and express some concerns regarding the study.

1. THE FHL REPORT DOES NOT CONSIDER THE FINDINGS OF OTHER STUDIES THAT HAVE EVALUATED AND ASSESSED CHARITY HOSPITAL AND HAVE RECOMMENDED ITS REPLACEMENT WITH A MODERN, ACADEMIC MEDICAL FACILITY.

- Charity was thoroughly assessed and deemed outmoded prior to Hurricane Katrina.
 - In 2003, Adams Project Management Consulting, LLC, issued its "Comprehensive Healthcare Facilities Study" of Charity Hospital. The study found that the main building of Charity and its systems were in overall very poor condition, and recommended that the Charity Campus was no longer suitable for delivery of healthcare services. Specific issues included:
 - Substantial differential settlement of the building, requiring a long-term program of physical measurement and review of the structure to monitor this condition.
 - Water infiltration to the subgrade areas, which caused damage to the mechanical, plumbing and electrical systems. These systems

- were all irrevocably damaged during the flooding from Hurricane Katrina, but were being adversely affected even prior to the storm.
- Integrity of the building envelope, which was identified as a primary concern, given the cracking of the panels and the uncertainty of their causes.
 - The poor condition of the windows, which leaked and were rusted.
 - The 2002 Joint Commission on Accreditation of Healthcare Organizations (JCAHO) report concerning issues which potentially jeopardized Charity's accreditation as a teaching hospital.
- In 2005, the Adams group produced a Site and Facility Master Plan for Consolidation of MCLNO, in which it was recommended that a new facility should be constructed to allow for a more seamless and less expensive long term delivery of outpatient and inpatient services by housing those services and teaching opportunities on one general campus.
- Charity was thoroughly assessed for damages following Hurricane Katrina. The FHL report identifies many systems that were damaged by the flooding associated with Katrina and rendered unusable.
 - FP&C hired Blich Knevel Architects (BKA) to perform an objective, extensive study of the damages caused to Charity as a result of the hurricane, and with the purpose of determining the costs of repairing the facility to its pre-storm condition.

The report stated the following unequivocally:

“This report is not intended to render any opinion for the preservation, reconfiguration or replacement of Charity Hospital. This report provides an evaluation of disaster related damages resulting from Hurricanes Katrina and Rita, and the cost to return the original building to pre-storm functions as a fully accredited Level 1 Trauma Center and Teaching Hospital. The estimated repair costs presented in this report are based on best practice solutions to repair damages and correct non-complying code conditions.”

- The findings and cost estimates prepared by Blich Knevel were broken down floor by floor, and have been substantiated by the RS Means report, which was prepared on behalf of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), and provided independent analysis that generated almost identical cost figures.
2. THE FHL REPORT SEEMS TO INDICATE THAT RENOVATION OF CHARITY CAN PROVIDE FOR THE SAME NEEDS AND SERVICES AS THE ENVISIONED NEW FACILITY, IN LESS TIME AND FOR LESS MONEY, BUT IT FAILS TO MAKE A TRUE COMPARISON OF THE COSTS AND SERVICES ASSOCIATED WITH RENOVATING CHARITY HOSPITAL.

- Prior to Katrina, Old Charity was one of 24 buildings comprising the Medical Center of Louisiana campus. Many functions of the hospital were performed in the other 23 buildings. This situation developed over a period of many years as functions were added and space requirements increased. This inefficient arrangement placed burdens on staff and patients alike and contributed to the determinations that a new replacement hospital was needed. Damages during Katrina rendered all 24 buildings unusable, and many remain unusable at this time.
 - In making its evaluation, the FHL report compares only the costs of replacing in Old Charity the functions planned for the new hospital building. Other adjacent planned facilities and their functions were not included in the comparison. Any attempt to renovate Old Charity into a functioning, modern hospital must provide for these functions within the Old Charity premises, as it would make no sense to construct a facility with functions scattered across many blocks. No cost estimates for inclusion of many of these auxiliary functions were even attempted by the FHL consultant, nor was a review made of the cost of repair of these auxiliary buildings.
3. THE FHL REPORT DOES NOT ESTIMATE OR EXPLAIN POTENTIAL COSTS IN TIME, MONEY OR EFFICIENCY RELATING TO THE UNKNOWN CONCERNING CRACKS, DIFFERENTIAL SETTLEMENT, CORRODED STEEL COLUMNS AND JOINTS, AND OVERALL STRUCTURAL INTEGRITY OF THE BUILDING.
- The FHL report also fails to solve the underlying concerns outlined in the 2003 Adams report, including the causes and continued potential for differential settlement, structural integrity concerns of the building and cause of the cracks in the exterior.
 - The FHL report has concluded that Charity can be restored, but it does not fully address many important factors that must be considered before this conclusion can be reached. Moreover, the report fails even to address all of the issues it does identify as potentially problematic.
 - Examples of critical omissions and inconsistencies which were acknowledged in the report but not addressed, include:
 1. the costs and delays involved with studying the extent of damage and causes of "concealed conditions;"
 2. the cracks in the exterior envelope;
 3. testing and adequacy of structural supports throughout the building;
 4. the level of corrosion of the steel structural components;
 5. the integrity of the floors and slabs which are too thin under present codes;
 6. the effects of water intrusion;

7. the causes of differential settlement; and
 8. the operational efficiencies and training opportunities to be realized by locating the new facility adjacent to a new V.A. Medical Center. The VA will not reopen its former facility adjacent to Charity Hospital under any circumstance.
- The time and money spent to conduct thorough testing to identify and address these issues could seriously delay the completion and opening of a modern, public teaching hospital in New Orleans. This reality was not addressed in the Foundation's assessment. This factor alone, i.e., the failure to take into account the need for extensive destructive testing, calls into question the report's conclusion that design to renovate Charity could be concluded in a six month period.
 - Because of the numerous unknowns and many variables, only some of which can be resolved by additional testing and investigation, bidding and construction of a renovation project will certainly cause significant delays and potential cost overruns.
4. THE FHL REPORT DOES NOT CONSIDER OR SEEK TO IDENTIFY THE BEST HEALTHCARE DELIVERY AND MEDICAL TRAINING OPTION AVAILABLE TO THE STATE, AND WHETHER RENOVATION OF OLD CHARITY WOULD BE THAT BEST OPTION.
- The FHL report fails to consider the immediate and long-term priority of providing the best possible modern healthcare to the citizens of the city, the region and the State, as efficiently as possible, under one roof, and with room for future expansion.
 - The Louisiana Legislature and Administration have a responsibility to consider more than the historic nature of a building when making decisions regarding the efficient delivery of healthcare to the people of Louisiana.
 - The Foundation's report appears to focus exclusively on the objective of preserving the Old Charity building to the exclusion of these and other important considerations. The State simply cannot focus only upon that objective, laudable though it is, but must factor in the needs of the community, the region and the State for health care and medical training.

The Foundation's report was inspired by House Concurrent Resolution 89 of the Regular Session of 2006, which had as its specific purpose:

"Therefore be it resolved that the Louisiana Legislature does hereby urge and request the governor and the office of facility planning and control of the division of administration to work with the Louisiana State University Board of Supervisors and the LSU Health Sciences Center to develop and implement a plan to *use a portion* of the Medical Center of New Orleans (Big Charity Hospital) to provide medical services to the New Orleans

community on *an interim basis while efforts continue toward construction of a new facility.*"

The Resolution recognizes the plans of the Department of Veterans Affairs and LSU to work together to develop "a new coordinated medical facility in downtown New Orleans," and that this effort will take many years. In the meantime, the Resolution asks the Foundation for Historical Louisiana to assemble a team to evaluate the viability of providing *interim services* on the first three floors of Old Charity and to evaluate the entire structure with the focus on identifying qualifying damages for which FEMA reimbursement could be obtained

However, the study which has been produced appears instead to be focused exclusively on justifying the repair and renovation of the Old Charity Building as a permanent teaching hospital in order to save the building based on its historical importance. The State must consider this objective, but also must evaluate all the studies and planning relating to health care and medical training needs which have gone before. A policy decision will be made only after the completion of the NEPA and NHPA processes, and only after all the facts and information collected have been properly and objectively weighed and evaluated.

We thank the Foundation for Historical Louisiana for its report and appreciate the efforts which have gone into its production. Whether the State decides to pursue construction of a new facility, or to renovate and repair Old Charity, we look forward to further discussions with the Foundation regarding ways to save and enhance the Old Charity building.

Sincerely,



Angele Davis